GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:502
ANSWERED ON:02.03.2007
REDUCTION OF THIRD PARTY PREMIUM
Jindal Shri Naveen

Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory & Development authority (IRDA) has reduced the third party premium on all categories of vehicles;

(b) if so, the reasons for first increasing and thereafter reducing these rates; and

(c) the revised rates of third party premium of various types of vehicles?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Tariff Advisory Committee (TAC) has notified the discontinuance of tariff in various classes of insurance business w.e.f. 1st January, 2007. Considering the mandatory nature of motor third party insurance and anticipating a steep hike in its premium due to high claim ratio, the IRDA by virtue of powers vested in the Authority under Section 14(2)(1) of IRDA Act, 1999 advised all non-life insurers to ensure that motor third party insurance cover is made available to all motor owners without any problem and prescribed a schedule of premium rates for motor third party liability cover for different types of vehicles. Different associations of motor transporters considered the rates for motor third party premium to be high and made representations to IRDA and the Government. After negotiations with motor transporters associations and with the general insurance companies, IRDA issued a revised schedule of motor insurance premium rates on 23rd January 2007.

(c): Revised Schedule of Premium Rates for Motor Third Party Liability is given at Annexure.